



Investment Office

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Sent via Electronic Mail

September 30, 2005

Dear Hedge Fund Administrator:

CalPERS is conducting an informal survey that will be used to provide it with a better understanding of the services provided by the leading hedge fund administrators. The services and products which CalPERS is interested in are fund accounting, risk reporting, data management, and performance analytics.

To assist in responding to the survey, a hypothetical account is shown below to serve as a reference point.

- ◆ 30 to 40 direct hedge fund investments
 - Approximately 80% of direct investments provide security level transparency

Please check off the appropriate boxes and provide brief comments where applicable. A response by October 12, 2005 would be appreciated. The completed survey can be sent via fax to my attention at 916-795-3346 or via email to kurt_silberstein@calpers.ca.gov.

Please contact me at 916-795-1487 with any questions.

Thank you in advance for your participation.

Sincerely,

Kurt Silberstein
Portfolio Manager, Absolute Return Strategies

A. Fund Accounting

1. Obtain month-end NAV (s) for each underlying investment. Provide monthly P&L, rate of-return and NAV for each underlying investment.
2. Prepare monthly financial statements which include a balance sheet and income statement.
3. Process payments for legal fees, accounting fees and other miscellaneous fees.
4. Prepare and aggregate tax information for users.
5. Maintain accounting books and records ensuring adherence to US GAAP accounting policies and procedures.
6. Complete subscription and redemption documentation for the underlying investments.
7. Describe any additional services provided:

(Yes)	(No)

B. Risk Reporting

1. Collect and aggregate security level positions from the hedge funds and/or prime brokers for the underlying hedge funds on a monthly or more frequent basis.
2. Independently price positions in the entire portfolio using exchange prices or mark-to-model methodology.
3. Provide a risk model that uses position level data to generate risk factor exposure and Value-at-Risk (VaR) analysis over a variety of investment instruments (i.e. equity, fixed income, derivatives, bank loans, etc.) used across all hedge fund strategies.

(Yes)	(No)

	(Yes)	(No)
4. Integrate security level analysis with return based analysis into one consolidated risk framework in order to assess the total portfolio risk.		
5. Provide a suite of risk reports on a monthly basis that quantify:		
a. VaR, marginal risk contributions, component risk exposures (i.e. interest rates, equity volatility, F/X, etc.) and industry sector risk exposures through any of the following methodologies Monte-Carlo, Historical or Parametric analysis methods using full revaluation.		
b. Stress tests analysis (user defined or historical) that demonstrate the effect on the portfolio's P&L based on market movements.		
6. Risk Reports that include the following:		
a. Fund Investment Overview- Grouped by strategy/manager-independently calculated market value, Total VaR; VaR decomposition (i.e. interest rates, equity volatility, F/X, etc.)		
b. Fund Investment by Sector- Grouped by market sector across strategy/manager-independently calculated market value, Total VaR; VaR decomposition (i.e. interest rates, equity volatility, F/X, etc.)		
c. Calculate standard sensitivities (i.e. Greeks) grouped by strategy/manager across market sector.		
d. Correlations - Variance/Covariance Matrix by hedge fund and strategy.		
7. Provide a portfolio construction optimization tool (mean variance).		
8. Provide performance and analytics measurement tools (i.e. standard deviation, drawdown analysis, skew, and kurtosis).		
9. Reports are available on the web and downloadable in Excel or pdf format.		

10. Describe any additional services provided:

C. Data Management & Performance Analytics

	(Yes)	(No)
1. Currently provide a web accessible information system consisting of an electronic document database of legal and business documents for all underlying investments.		
2. Currently provide a web-based integrated information system that consists of: electronic document depositary, key legal terms database, fund performance & analytics system.		
3. Provide a platform that can be customized by each user.		
4. Build query tools for access to a hedge fund database (i.e. CSFB Tremont - TASS database) that can be used by a user for hedge fund portfolio construction research.		
5. Describe any additional services provided:		

D. Miscellaneous

1. Number of hedge funds that use your firm as an administrator.	
2. Amount of capital managed by the hedge funds cited above.	
3. Number of fund of funds that use your firm as its administrator.	
4. Amount of capital managed by the fund of funds cited above.	